

D-2

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

November 22, 2010

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

GL S-4307
Hawaii

Amend Prior Board Action of March 11, 2010, Agenda Item D-5, Consent to Extension of Lease Term, General Lease No. S-4307, Geo'Co., Inc., Lessee, Waiakea, South Hilo, Hawaii, Tax Map Key: 3rd/2-2-58:03.

BACKGROUND:

At its meeting of March 11, 2010, under agenda item D-5 (Exhibit A), the Board consented to the extension of lease term for General Lease No. S-4307 for a period of 15 years. The lease was set to expire on June 23, 2010 and the Lessee had requested the lease be extended through to June 22, 2025 in order to amortize the improvements made to the property.

REMARKS:

In processing the consent to lease extension documents, the Office of the Attorney General brought to the attention of staff some inconsistencies with the extension dates in the Board submittal. To clarify these dates, the lease extension will commence on June 23, 2010 and expire on June 22, 2025.

RECOMMENDATION: That the Board:

1. Amend its prior Board action of March 11, 2010, under agenda item D-5 by clarifying the extension of lease commencement date of June 23, 2010 and the termination date of June 22, 2025;
2. All terms and conditions listed in its March 11, 2010 approval to remain the same.

Respectfully Submitted,



Gordon C. Heit
Land Agent *KEM*

APPROVED FOR SUBMITTAL:



Laura H. Thiel, Chairperson

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

March 11, 2010

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Hawaii

Consent to Extension of Lease Term, General Lease No. S-4307, Geo'Co., Inc., Lessee, Waiakea, South Hilo, Hawaii, Tax Map Key: 3rd/2-2-58:03.

APPLICANT AND REQUEST:

Improvements financed by Lessee, Geo'Co., Inc.. pursuant to Sections 171 36(b) in the amount of \$ 29,000.00

In order for Lessee to amortize this expenditure, the Lessee is requesting an extension of General Lease No. S-4307 of 15 years, commencing on July 1, 2010 and expiring on June 30, 2025 for an aggregate term (initial term plus all extensions) of 55 years.

LEGAL REFERENCE:

Sections 171-22 and 36(b), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Lot 7, Hilo Industrial Development, Pohaku Street Section situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: 3rd/2-2-58:03, as shown on the attached map labeled Exhibit A.

AREA:

12,114 square feet, more or less.

APPROVED BY THE BOARD OF ^{D/L}
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON
March 11, 2010

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHARACTER OF USE:

General industrial purposes.

TERM OF LEASE:

Original term of 40 years, commencing on June 23, 1970, and expiring on June 22, 2010,

Requested extension of 15 years commencing on June 23, 2010 and expiring on June 22, 2025.

ANNUAL RENTAL:

Current rent is \$8,400.00, due in quarterly installments of \$2,100.00 on the 23rd of March, June, September and December of each year.

RENTAL REOPENINGS:

Reopenings in the original term were at the end of the 20th, 30th years of the term. The last rental reopening occurred on June 23, 2000.

Reopenings for the extended term shall be on March 11, 2010 (immediate reopening), and June 22, 2020 (approximately 10th year of additional term).

PROPOSED IMPROVEMENTS:

Lessee will be installing a new roof onto the existing warehouse structure at a cost of \$29,000.00 as shown on proposal contract (Exhibit B).

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u> </u>

APPLICANT REQUIREMENTS:

Applicant shall be required to pay for an appraisal for the immediate rental reopening.

Lessee shall complete improvements to the property and submit evidence of completion to the Hawaii District Land Office by December 31, 2010

REMARKS:

General Lease No. S-4310 was sold at public auction on June 30, 1970 to Quality Sheetmetal Co., Ltd. for a period of 40 years. Rental reopenings were to be on the 20th and 30th years of the lease term.

At its meeting of March 24, 1974 under agenda item F-1-a, the Board consented to the assignment of lease from Quality Sheetmetal Co., Ltd., Assignor, to Quality Electricians, Inc., Assignee. On January 25, 1980, under agenda item F-1-a, the Board consented to the assignment of lease from Quality Electricians, Inc., as Assignor, to Triple K Plumbing, Inc. and Geo'Co., Inc., as Assignee.

Further, at its meeting of December 6, 1985 under agenda item F-1-l, the Board consented to the assignment of lease from Triple K Plumbing, Inc. and Geo'Co., Inc. as Assignor to Geo'Co., Inc., as Assignee.

Geo'Co., Inc. is seeking a 15-year extension of its lease under applicable law to amortize the cost of planned improvements to the property, primarily the replacement of the entire roof of the warehouse at a cost of \$29,000.00.

The subject parcel is located in an area served by aging and/or substandard infrastructure. The area also includes numerous other DLNR parcels currently encumbered by long term leases that are not scheduled to expire until 2025 and 2030. Upon expiration of these leases, redevelopment of the area may be necessary and appropriate, and staff believes a comprehensive long-range planning effort for the area should be undertaken. Such planning efforts would be facilitated by having all of the leases in the area expire at, or near, the same time. The requested 15-year extension, i.e., to January 19, 2025, would be consistent with this objective. Staff also acknowledges the Lessee's need to make certain improvements to continue operations during these challenging economic times.

Staff has included an applicant requirement above and recommendation below that Geo'Co., Inc. complete these repairs and improvements and submit receipts for expenditures to staff by December 31, 2010, or the consent to extension shall be subject to cancellation.

The leased premises have been used substantially for the purpose for which they were leased. There are no outstanding rental reopening issues.

No agency comments were solicited on the request because it involves a lease extension, and not a new disposition.

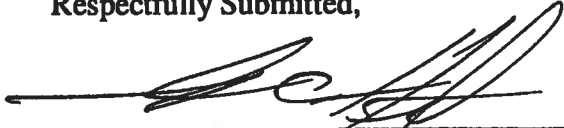
RECOMMENDATION:


That the Board, subject to the Applicant fulfilling the Applicant requirement listed above:

Authorize the extension of General Lease No. S-4307 under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

- A. The standard terms and conditions of the most current lease extension form, as may be amended from time to time;
- B. Geo'Co., Inc. shall complete its replacement of the warehouse roof and submit to Land Division staff receipts verifying payment for the improvements by December 31, 2010. Failure to comply will result in cancellation of lease extension;
- C. Review and approval by the Department of the Attorney General; and
- D. Such other conditions as may be prescribed by the Chairperson, which are in the best interests of the State.

Respectfully Submitted,



Gordon C. Heit
Land Agent 

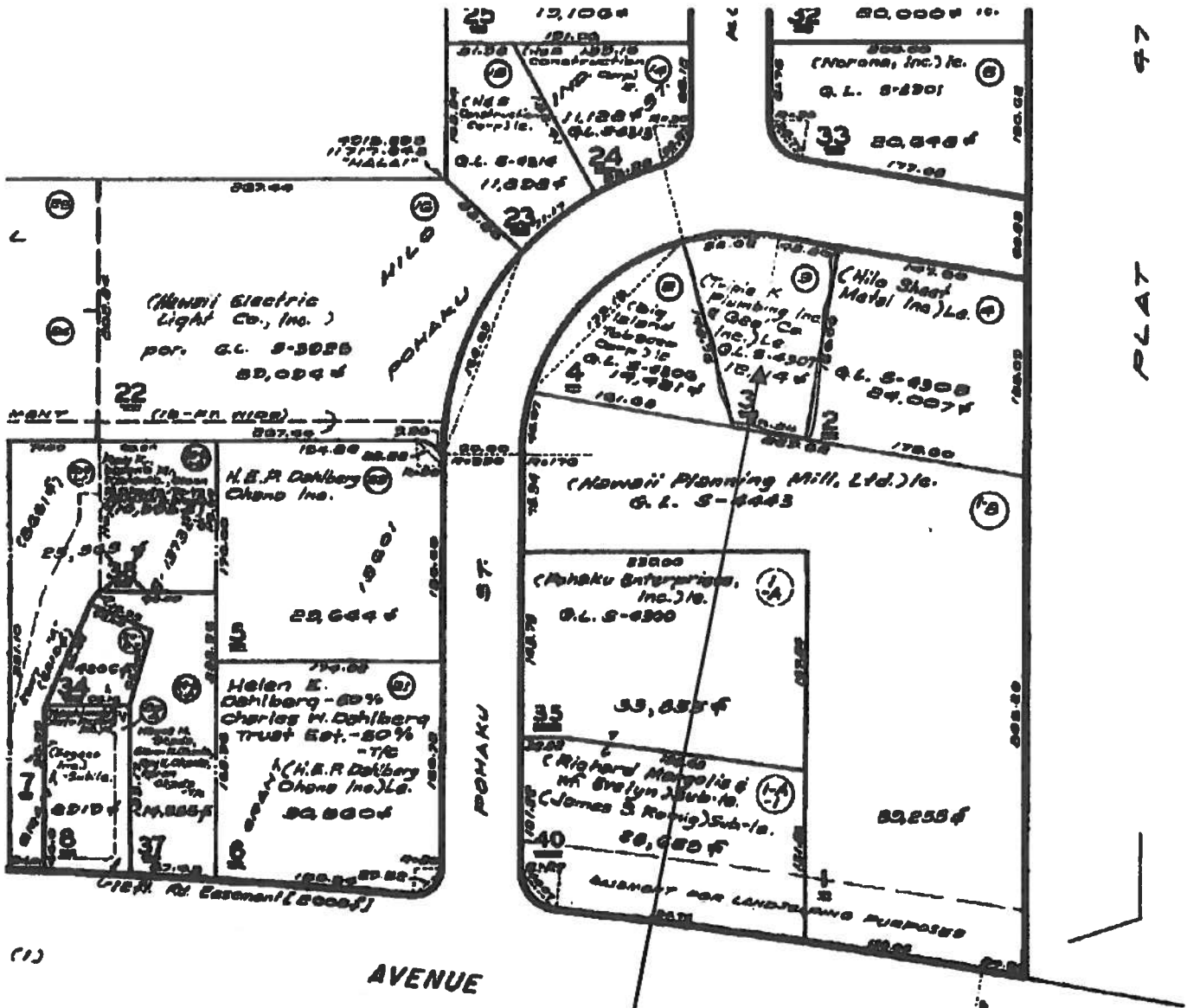
APPROVED FOR SUBMITTAL:



Laura H. Thiglen, Chairperson 

EXHIBIT A

TMK: 3RD/2-2-58:03



SUBJECT PROPERTY

Nicolas Construction

HILO, HAWAII.

700 AHUNA ROAD HILO HI 96720
OFFICE: 981-0458 FAX: 981-5897

PROPOSAL

Date	PROPOSAL #
12/17/2009	119

Name / Address
GEO CO 60 POHAKU STREET HILO HI 96720

CONTRACTOR NAME	CONTRACTOR LIC. #
TERRY NICOLAS JR	B-26289

NOTES	Total
<p>GEO'CO. INC. 60 POHAKU ST HILO HAWAII 96720 (808) 961-3800</p> <p>RE-ROOF GEO'CO. OFFICE/WAREHOUSE HPM PATTERN #9/26ga. PRE-PAINTED</p> <p>1/2"STAINLESS STEEL SELF TAPPING SCREW LAP TAPE ON ALL LAP 26ga. FLASHING 10-SKYLIGHTS ROOF VENT TO BE REVISED AND PAINTED PURLIN TO BE REPLACED 8 PC-25FT LONG ZEE PURLINS 3PC-25FT LONG ZEE PURLINS</p>	29,000.00
<p>Upon acceptance of this proposal, please sign and fax to 981-5897 . Mahalo! Terry Nicolas Jr.</p>	<p>Total \$29,000.00</p>

Acceptance Of Proposal

Name: _____

Signature: _____

Title: _____

Date: _____